

OFFICE OF LEGISLATIVE RESEARCH  
PUBLIC ACT SUMMARY



**PA 24-142**—sHB 5236  
*General Law Committee*  
*Banking Committee*

**AN ACT CONCERNING RECOMMENDATIONS BY THE DEPARTMENT  
OF CONSUMER PROTECTION**

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### § 66 — PORTION OF BUILDING USED AS PERMIT PREMISES

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### § 70 — CONSUMER BARS AND CONSUMER SERVICE BARS

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### § 71 — NUISANCE AND EMBARGOING OR CONFISCATING CERTAIN ITEMS

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*Indemnifies and grants immunity to minors who participate in DCP alcohol-related investigations and enforcement actions*

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§§ 75 & 76 — LOTTERY TESTING AND CERTIFICATION

*Requires the lottery system and games to be tested and certified by an independent third party*

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*Requires vendor licensees to report lottery system incidents directly to DCP*

§§ 75 & 78-82 — LOTTERY SALES AGENTS

*Specifies that lottery sales agents do not sell lottery tickets or offer keno over the Internet; extends existing provisions for other lottery related licensees to them; requires the "person in charge" of the agent to give DCP certain information and submit to a criminal history records check*

§§ 77, 79 & 84 — CASINO GAMING AND SPORTS WAGERING ADVERTISING

*Imposes additional advertising restrictions and requirements on certain gaming licensees, including prohibiting some of them from entering into agreements with a third party to conduct advertising or marketing where compensation is based on certain outcomes (e.g., how many people become patrons or amount wagered)*

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§ 79 — KEY EMPLOYEES

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*Broadens certain prohibitions on sports wagering to apply to any type of wagering and extends one of them to live game employees*

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*Statutorily separates many of the existing parimutuel gaming licenses into two categories and specifies which type of occupational licenses certain individuals must obtain*

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§§ 89 & 90 — PROHIBITIONS ON ANIMALS AS PRIZES AND FOR SOLICITATIONS AND BUSINESS ATTRACTIONS

*Specifies that bazaars and raffles may not use animals as prizes; prohibits reptiles from being a prize or award for operating any game or device; specifies that an animal includes a fish for certain prohibited solicitations, gaming prizes and awards, and business attractions*

**SUMMARY:** This act makes various changes in the Department of Consumer Protection’s (DCP) laws on credentialing and enforcement, alcoholic liquor, and gaming.

**EFFECTIVE DATE:** Upon passage, unless otherwise specified.

**§§ 1-3 — HOME IMPROVEMENT CONTRACTORS AND ACCESS TO GUARANTY FUND**

*Explicitly allows consumers to recover from the guaranty fund when the HIC is a business entity and explicitly authorizes DCP to discipline an HIC or salesperson for doing home improvement work without a proper contract*

*Home Improvement Guaranty Fund (§§ 1 & 3)*

The act explicitly allows consumers who suffer losses or damages because of a home improvement contractor (HIC) to recover from the Home Improvement Guaranty Fund in situations where the registered HIC is a business entity. Specifically, the act allows consumers to recover from the fund when they have a decision, court judgment, order, or decree naming the entity’s proprietor, rather than only the registrant, as under prior law.

Under the act, a “proprietor” is any person who (1) has an ownership interest in a business entity that holds or has held an HIC certificate and (2) a competent court has found to have violated any provision related to the conduct of a business entity holding or that has held an HIC certificate within two years of the effective date of entering into a contract with an owner harmed by the individual or business entity’s actions.

Under the act, whenever the commissioner orders payment to an owner from the guaranty fund against a proprietor, the proprietor and the business entity that holds or held an HIC certificate is liable for the resulting debt to the guaranty fund.

By law, the Home Improvement Guaranty Fund reimburses up to \$25,000 per claim to consumers who cannot recover losses caused by registered HICs for contracts valued over \$200.

Under the act, whenever the commissioner orders payment to an owner from the guaranty fund against a proprietor, the proprietor and the business entity that holds or held an HIC certificate is liable for the resulting debt to the guaranty fund.

The act also makes related technical and conforming changes.

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### *DCP Enforcement (§ 2)*

By law, if an HIC or salesperson violates any provision of the state's home improvement laws the DCP commissioner may revoke, suspend, refuse to issue or renew their registration; put them on probation; or reprimand them. The act explicitly authorizes the commissioner to take these disciplinary actions against them for engaging in or practicing home improvement work without a contract containing provisions required by a specific home improvement statute.

Under this statute, HICs must provide a completed copy of a home improvement contract at the time it is executed. It also requires contracts to include certain provisions for them to be enforceable. Among other things, they must be in writing, include the entire agreement, and be dated and signed by both parties with starting and completion dates (CGS § 20-429).

### §§ 4, 5 & 7-12 — APPRAISAL MANAGEMENT COMPANIES

*Makes various changes to the appraisal management company statutes to conform to a federal audit of Connecticut's regulatory program*

#### *Federally Regulated Appraisal Management Companies (§§ 4, 5 & 7-11)*

Federal law imposes certain requirements for states' regulation of appraisal management companies (specifically, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989). The act makes several changes in state law to implement recommendations in a federal audit of Connecticut laws. Specifically, it:

1. restructures a registration exemption for appraisal management companies that are a subsidiary owned and controlled by a financial institution regulated by a federal financial institution regulatory agency (i.e., any bank or savings association that is Federal Deposit Insurance Corporation (FDIC) insured and regulated by the Office of the Comptroller of the Currency, the Federal Reserve System governors, or the FDIC) and
2. requires DCP to collect and transmit to the federal Appraisal Subcommittee annual registry fees from registration-exempt subsidiaries of a federally regulated financial institution.

#### *Regulations (§ 12)*

The act expands the DCP commissioner's authority to adopt regulations on appraisal management companies. It does so by allowing him to adopt regulations on investigating appraisal management company violations and the act's requirements for federally regulated appraisal management companies.

### § 6 — REAL ESTATE APPRAISAL BUSINESS PENALTIES

## OLR PUBLIC ACT SUMMARY

*Builds on existing penalties for those who engage in the real estate appraisal business without a credential by subjecting them to civil penalties and making them ineligible for a credential for one year after a final hearing decision*

Under existing law, anyone who engages in the real estate appraisal business without a certification or provisional license is (1) subject to a fine up to \$1,000, up to six months imprisonment, or both, and (2) ineligible to obtain a certification or provisional license for one year after being convicted.

The act further subjects these violators to civil penalties after a DCP administrative hearing. It also makes violators ineligible to obtain a certification or provisional license for one year from the date of a final decision rendered after the hearing. (Prior law only imposed this penalty if there was a conviction.)

However, by law and under the act, the Connecticut Real Estate Appraisal Commission may grant a certification or provisional license to a violator during his or her one-year ineligibility period upon application and after a hearing.

### § 13 — MOBILE MANUFACTURED HOME PARK INDEPENDENT INSPECTIONS

*Adds procedures and other requirements for when DCP orders independent inspections of mobile manufactured home parks, including (1) allowing DCP to require inspectors to have training or be licensed and address specific issues in their inspection and (2) creating reporting deadlines for park owners*

By law, as part of an inspection or investigation, DCP may order a mobile manufactured home park owner to have an independent inspection report prepared, at the owner's cost, that assesses the condition and potential public health impact of a condition at the park (e.g., the condition of trees and electrical, plumbing, or sanitary systems). The act adds several procedures and requirements related to this authority.

#### *Inspector Qualifications and Other Changes*

Under the act, for these independent inspection reports, DCP may require the (1) person completing the report to have training or be licensed in a particular area related to the ordered inspection and (2) report to specifically address particular areas of, or issues affecting, the park that DCP is concerned with.

If DCP requires the person completing the report to be trained or licensed in a particular area, it must include the requirement in the first order it issues to the owner requiring the report.

The owner must submit proof of compliance with the above requirements when he or she submits the independent inspection report to the department.

#### *Notification Procedure*

Under the act, if DCP orders an owner to get an independent inspection report as part of his or her license application or renewal, the department must issue the order to the owner's email address from his or her most recent DCP application.

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The order must describe the condition or conditions that the owner must further assess.

### *Additional Report Procedures and Requirements*

The act requires the owner to obtain and submit to DCP an independent inspection report within 30 days after the department's order for it, unless the commissioner or his designee approves a later date in writing.

The report must include an assessment of all conditions outlined in the DCP order concerning conditions posing a risk to public health and safety. It must also assess the severity of the conditions and have a detailed plan of action to remedy each one.

The act requires owners, within 10 days after receiving the report, to give DCP a written, detailed plan to remedy the assessed condition. The plan must at least include a specific timeline, proposed contractors, and a budget.

### § 14 — RENEWALS AND INCOMPLETE APPLICATIONS FOR CREDENTIALS

*Gives DCP discretion in whether to accept renewal applications after a credential has expired; requires applicants to pay all outstanding fees before renewal; allows DCP to consider certain incomplete applications expired and withdrawn*

The act makes several changes affecting applications for DCP licenses, permits, certificates, and registrations (collectively, "credentials"). Existing law allows the DCP commissioner to impose a late fee on any applicant who fails to renew a credential before it expires. Under the act, before the commissioner renews the credential, the applicant must pay all outstanding fees owed to DCP, including the late fee.

Under prior law, if a renewal application was submitted within 90 days after the credential's expiration, the applicant had to pay the late fee, but did not need to apply for reinstatement. The act instead gives DCP discretion in whether to accept the renewal application if it is submitted in the same timeframe. It also expressly prohibits any lapsed-credential holder from engaging in any activity that requires an active credential without DCP approving the renewal application for the credential.

Unless waived by DCP in writing, the act allows the department to deem any incomplete application to have expired and been withdrawn six months after it was submitted. By law, application fees are generally non-refundable.

### § 15 — ELECTRONIC PRICE SCANNING AND GET ONE FREE LAWS

*Extends the application of certain electronic price scanning, price labeling, and "get one free" laws; requires price scanner reinspection fees to be paid before the reinspection*

### *Entities Covered*



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The act extends certain electronic price scanning, price labeling, and “get one free” laws to all business entity types that use universal product coding or an electronic pricing system. But except as noted below, the act does not change other requirements or exemptions under these laws. Prior law specified these laws applied to persons, associations, corporations, firms, and partnerships.

The scanning and labeling law generally requires businesses that use universal product codes (UPC) to total purchases to mark each consumer commodity with a UPC with its retail price. And businesses with a retail sales area over 10,000 square feet that use an electronic pricing system to total a consumer’s purchases must generally have an item-by-item digital display that a consumer can see as each UPC is scanned.

Under the “get one free” law, consumers are generally entitled to receive a consumer commodity for free, up to a \$20 value, if its electronically scanned price is higher than its posted price.

A “consumer commodity” is any food, drug, device, cosmetic, product, or commodity of any other class, except prescription drugs, that is customarily produced for retail sale, for individual consumption, personal care, or household purposes and is usually consumed or expended during consumption or use. It does not include alcoholic liquor or carbonated soft drink containers (CGS § 21a-79(a)).

### *Payment of Reinspection Fee*

In cases where DCP must reinspect a business’s price scanners because they are less than 98% accurate during a price accuracy inspection, the act specifies that the \$250 reinspection fee must be paid before reinspection.

### § 16 — EXEMPTION FROM GET ONE FREE LAW FOR COMMODITIES WITHOUT BAR CODES

*Additionally subjects smaller businesses to the state’s “get one free” law for consumer commodities without bar codes*

The act expands the number of businesses subject to the state’s other “get one free” law that is generally applicable to “consumer commodities” without bar codes, including retail foods that must be weighed at purchase. Under this law, certain businesses generally must give the commodity to a consumer for free, up to a \$20 value, if its price at the point of sale is higher than its advertised or posted price.

Prior law included a broad exemption that applied to any person, association, corporation, firm, or partnership operating in a retail sales area that had 10,000 square feet or less. The act narrows this exemption by decreasing the maximum qualifying retail sales area to 1,500 square feet.

### §§ 17 & 18 — FOOD, DRUG, AND COSMETIC SEIZURES AND EMBARGOES

## OLR PUBLIC ACT SUMMARY

*Amends the process for DCP's food, drug, and cosmetic seizures and embargoes by, among other things, allowing the commissioner to extend an embargo period, requiring him to destroy certain articles, and increasing certain penalties*

The act makes several changes regarding DCP's authority to enforce the Connecticut Food, Drug and Cosmetic Act. Existing law generally allows the DCP commissioner or his authorized agent to attach a tag or other appropriate marking to any food, drug, device, or cosmetic for sale or distribution that he or she has probable cause to believe violates the act and thus embargo the article.

### *Embargo Notice*

Under prior law, when DCP attached a tag or other appropriate marking it functioned as notice to the common carrier or other person in custody of the article that it was, or was suspected of being, in violation of the act and had been embargoed. The act instead requires DCP to give written notice before or when the article is embargoed. As under existing law, DCP must also tag or otherwise mark the item.

### *Embargo Extension and Civil Action to Continue*

The act allows the commissioner to extend an article's embargo period if a reinspection of it indicates the violation has continued. He must do this within 21 days of the embargo, which was prior law's deadline to either remove the embargo or bring a summary proceeding in court for its confiscation. If he has not extended the embargo, the act instead allows DCP to take the following actions within 21 days to formally embargo (pending approval to confiscate or destroy) the article: (1) commence a summary proceeding under the Uniform Administrative Procedure Act (UAPA) or (2) bring a civil action in Superior Court. It also makes related technical and conforming changes to reflect these two options.

### *Alteration and Opening of Embargoed Article*

The act prohibits anyone from altering or opening an embargoed article without DCP's permission or, after a summary proceeding or civil action has begun, the hearing officer's or court's permission. Existing law already prohibits removing or disposing of embargoed articles.

### *Complaint*

The act eliminates the requirement that summary proceeding complaints be verified by affidavit. It also specifies that the complaint must be against the person who has custody of the article to be embargoed.

### *Seizure*

The act eliminates the requirement that courts issue a seizure warrant for

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embargoed articles once a verified complaint is filed. It also removes related process requirements about how a person is to be summoned, the hearing procedures, claim filings, and what happens if the seized article is not injurious to health.

### *Confiscation and Destruction*

After a hearing under the UAPA or court proceeding, the act allows, rather than requires, certain articles that violate the act to be confiscated and destroyed. Specifically, DCP may confiscate them or the hearing officer or court can order the respondent or defendant to destroy them at their direction.

Under the act, if there is an adverse ruling against the respondent or defendant, then he or she is liable for all costs and expenses DCP incurred in investigating, containing, removing, monitoring, mitigating, and disposing of the embargoed product, as well as any associated legal expenses.

### *Embargo or Destroy*

Prior law required the commissioner or his authorized agent, whenever he or she found any meat, seafood, poultry, vegetable, fruit, or other perishable article under certain conditions, to promptly condemn or destroy it or make it impossible to sell as human food. The act replaces the option of condemning the food with embargoing it. As under existing law, the conditions for the food to be embargoed or destroyed are when it is (1) found in a room, building, other structure, or vehicle and (2) unsound; contains any filthy, decomposed, or putrid substance; may be poisonous or harmful to health; or is otherwise unsafe.

Similarly, the act requires the commissioner or his authorized agent, whenever he or she finds any adulterated or insanitary pharmaceutical drug, medical device, or drug paraphernalia under certain conditions, to promptly embargo or destroy it or make it impossible to sell. DCP must do so for these items it finds in a room, building, other structure, or vehicle that are produced, packed, or held under insanitary conditions; unsafe or not shown to be safe; or may be contaminated by filth or be harmful or injurious to health.

### *Penalty*

The act increases the maximum civil penalty that the DCP commissioner may impose on anyone who removes the tag or marking on an embargoed article from \$500 to \$5,000 and allows him to also penalize those who offer or expose the article for sale. By law, the commissioner may only impose this civil penalty after notice and a hearing, but he may do so for each separate offense.

## §§ 19-24 — HEALTH CLUBS

*Makes various changes to the health club laws, including updating contract requirements, eliminating a penalty provision, allowing DCP to make guaranty fund payments for uncontested cases without a hearing, and amending certain notice requirements*

*Exercising Right to Cancel (§ 19)*

Existing law requires every health club services contract to be cancelable within three business days after the buyer receives a copy of it. The act allows buyers to notify health clubs that they are opting to cancel the contract by sending the required written notice via delivery tracking, rather than by certified or registered U.S. mail.

The act also modifies the items a health club may ask a buyer to return if they cancel within this three-day period. Under prior law, a club could ask for the return of contract forms, membership cards, and all documents and evidence of membership previously delivered. The act instead only allows clubs to ask for any delivered cards or equipment that were part of the membership.

*Medical Disability (§§ 19 & 20)*

By law, each contract must allow a buyer who becomes disabled to (1) be relieved of paying for the part of the contract term for which he or she is disabled or (2) extend the contract for the disability's duration, but the club has the right to require and verify reasonable evidence of the disability.

Prior law (1) allowed the club to require a signed certificate by a licensed physician, physician assistant, or advanced practice registered nurse and (2) required the club to include in the contract certain disclosures about a buyer's rights after being disabled. The act (1) eliminates the signed certificate requirement option and instead allows the club to require documentation from one of these professionals or other credentialed medical providers (which the act does not define) and (2) requires the disclosure to state that a buyer may send written notice of the disability electronically.

The act also eliminates provisions (1) allowing the contract to require the buyer to submit to a physical examination by one of these professionals at the health club's expense and (2) requiring the health club to notify the buyer whether it will require the examination.

*Cancellation Due to Closure of Closest Location (§ 20)*

Prior law allowed a buyer to cancel his or her contract if the health club location where he or she entered the contract ceased operations. The act additionally allows a buyer to do so if the location closest to his or her primary residence ceases operations. As under existing law, buyers may also cancel under the three-day cancellation provision or because they move more than 25 miles away from the club.

*Statement of Buyer's Right to Cancel (§ 20)*

The act makes conforming changes to the contract's required statement of the consumer's rights to reflect the act's changes on (1) how a contract can be cancelled in the first three days and the items a club may request to be returned, (2) medical

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disability verification, and (3) canceling a contract when the club location closest to the buyer's primary residence closes. It also increases the required font size from 10-point bold type to at least 12-point font at the top of the contract. As under existing law, the statement must include a conspicuous caption ("BUYER'S RIGHT TO CANCEL"). The act also requires that it be prominent.

The act also makes minor and grammatical changes to the required statement.

### *Electronic Contracts (§ 21)*

Under the act, if the health club gives a buyer a contract in an electronic format only, it must (1) provide the three-day cancellation and disability provisions in a separate document in electronic or paper form and (2) include the consumer's acknowledgement that he or she has received these provisions.

The act requires that the contract, document with the cancellation and disability provisions, and acknowledgement be executed as part of a single transaction.

### *Information Required for License to Sell Contracts (§ 22)*

The act requires health clubs seeking a DCP license to sell health club contracts to give DCP an electronic copy, rather than two copies, of each health club contract the applicant currently uses or intends to use.

### *Elimination of Civil Penalty (§ 22)*

The act eliminates the commissioner's specific authority to impose a civil penalty of up to \$300 for any health club that sells or offers to sell contracts without submitting a license renewal or renewal fee within 30 days of the license expiring. By law and among other powers, the commissioner may still suspend or revoke a health club license for specified violations.

### *Guaranty Fund (§ 23)*

By law, the Connecticut Health Club Guaranty Fund is designed to protect health club members when a club closes or moves. If a health club is no longer operating at the location where the consumer entered the contract, the consumer may have a claim against the health club and may apply to the guaranty fund.

*Disbursements.* The act sets up a new process for guaranty fund disbursements. Instead of holding an administrative hearing on each application or set of similar claims, it allows the commissioner to make a payment on uncontested cases without a hearing.

More specifically, before the commissioner may direct payment from the fund to a buyer, he must first notify the health club about the buyer's application to the fund. The notice must also inform the club about its right to an administrative hearing to contest the disbursement if it (1) has already paid the buyer or (2) is complying with a payment schedule based on a written agreement with the buyer or a court judgment, order, or decree.

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If the club requests a hearing in writing within 15 days after receiving the DCP notice, the commissioner must grant the request and hold the hearing. If DCP does not receive a request within this 15-day period, the commissioner must (1) determine that the buyer has not been paid and (2) direct payment from the guaranty fund for the amount due. As under existing law, if multiple buyers submit claims against the same club, DCP can hear their applications in one proceeding.

*Notice to Health Clubs Potentially Barred From Paying Into the Fund.* Existing law requires DCP to notify a health club that it is contemplating prohibiting the club from paying into the fund because it violated the health club law or engaged in unfair or deceptive trade practices, among other things. The act eliminates the specific requirement that DCP send this notice by certified mail to the club's principal place of business.

### *Closings or Transferred Locations (§ 24)*

The act modifies the notice requirements for when a health club closes or transfers locations, including eliminating a newspaper notice requirement. Prior law required a health club to notify DCP and all current and prospective members at least 60 days before the closing or transfer. The act instead requires that written notices disclosing the closing or transfer be sent to current members at least 60 days, and again between 20 and 40 days, before the closing or transfer. The act also requires clubs to give DCP an electronic copy of this written notice within one business day after notifying current members.

The act also eliminates a requirement that a health club publish a notice of the closing or transfer in a newspaper with general circulation in the state. It instead requires the club to conspicuously post notices about the closing or transfer on its website and premises.

### § 25 — HARDSHIP EXEMPTIONS FROM WELL DRILLING WATER REQUIREMENTS

*Transfers, from the plumbing and piping work examining board to local health directors, authority to grant hardship exemptions from well drilling requirements related to the purity, potability, and safeguarding of well water*

Prior law allowed the plumbing and piping work examining board to grant exemptions from well drilling requirements when they would cause undue hardship, subject to the DCP commissioner's approval. The act transfers the authority to grant hardship exemptions related to the purity, potability, and safeguarding of well water from the examining board to the local health director. Specifically, it authorizes local health directors to grant these hardship exemptions if they find that the exemption will not adversely affect the well water's purity and adequacy.

### § 26 — CONNECTICUT UNFAIR TRADE PRACTICES ACT (CUTPA)

## OLR PUBLIC ACT SUMMARY

*Allows DCP to receive electronic copies of documents of anyone being investigated or proceeded against under CUTPA; gives DCP additional options for sending certain investigative and enforcement documents; allows testimony in CUTPA proceedings to be recorded rather than transcribed and eliminates the requirement that it be filed with DCP; allows DCP to impose a civil penalty of up to \$5,000 for CUTPA violations*

The act makes various changes to CUTPA, including allowing DCP to impose civil penalties after an administrative hearing; updating provisions on investigations and notices to include electronic methods; and making various minor, technical, and conforming changes.

### *Electronic Copies*

By law, the DCP commissioner or his authorized representatives have the right to, among other things, access, examine, and copy the documents of anyone being investigated or proceeded against under CUTPA. The act also allows DCP to receive electronic copies of these documents.

### *Sending Notice*

The act gives DCP additional options for sending certain CUTPA investigative demands or complaints other than delivering them by certified mail. It allows the department to deliver these notices using the same methods it uses for sending administrative enforcement action notices. By law, these notices must be delivered personally, by U.S. mail with delivery tracking or by certified mail, or by email with tracking and delivery confirmation.

Under the act, DCP may use these additional methods for (1) serving an investigative demand on a person who is suspected of violating CUTPA or a person from whom the commissioner wants assurances that he or she has not violated the act and (2) delivering a complaint to a person who has been engaging in or is engaged in an alleged CUTPA violation.

### *Testimony*

Prior law required testimony in a CUTPA proceeding to be put in writing by the hearing's recording officer and filed with the commissioner. The act allows the testimony to be recorded (in an audio or audiovisual format) instead and eliminates the filing requirement.

### *Civil Penalty*

The act allows the DCP commissioner to impose a civil penalty of up to \$5,000 for CUTPA violations, after an administrative hearing. Correspondingly, the act allows the DCP commissioner to ask the attorney general to apply for an order to enforce the civil penalty in the Hartford Superior Court.

## § 27 — RETURN OR EXCHANGE POLICIES

## OLR PUBLIC ACT SUMMARY

*Establishes new requirements for businesses to post and disclose their refund and exchange policies and requires these policies to include specified disclosures*

### *Required Disclosures*

Under prior law, businesses engaged in trade or commerce in Connecticut had to accept returned consumer goods (other than motor vehicles) if customers returned them as the business's conspicuously posted refund or exchange policy allowed. The act eliminates this provision and replaces it with a new set of requirements for disclosing refund or exchange policies. Under the act, businesses must clearly and conspicuously:

1. post their refund or exchange policy on their premises if they conduct in-person sales;
2. display the policy on their website if they conduct Internet sales; and
3. verbally disclose the policy for verbal sales, including sales by telephone.

If the business provides refunds or allows exchanges, its policy must disclose:

1. whether it will provide a (a) cash or credit refund or store credit, or allow an exchange, and (b) refund or allow an exchange at any time or before a specified time;
2. whether any refund or exchange is subject to any fee and the fee amount, with the amount expressed in either a dollar amount or percentage; and
3. any other conditions the business requires.

Under the act, unless a business discloses its policy to not provide refunds or exchanges according to the act's requirements, it must give a cash or credit refund or store credit to any consumer who returns any purchased good within seven days after receiving it.

As under existing law, the refund and exchange policy law does not apply to perishable goods or ones clearly marked as unreturnable. Violations of the disclosure provision are a CUTPA violation.

### *Use of Electronic System for Certain Returns*

Under existing law and the act, businesses that use an electronic system to record, monitor, and limit the number or dollar amount of returns made by a consumer must state clearly in their posted refund or exchange policy that the system is being used. The act removes the CUTPA penalty for violating this provision.

Existing law requires these businesses to provide written notice before terminating a consumer's right to return a good. The act gives these businesses an additional termination notification method by allowing them to send it to an email address that the consumer provides. As under existing law, notice may still be sent by mail to the consumer's last-known address or to the consumer's address that is obtained through reasonably available public records.

§ 28 — NOTICE OF HEARING FOR CERTAIN PAYMENT TYPE VIOLATIONS



## OLR PUBLIC ACT SUMMARY

*Specifies that DCP must provide a notice and hold a hearing before issuing a fine for specified violations related to surcharges, minimum transaction amounts, and discounts based on certain payment methods*

Existing law prohibits anyone from imposing an additional charge or fee on any transaction for the privilege of using a particular payment type; conditioning the acceptance of a credit or charge card payment on a minimum transaction amount, without disclosure; or reducing a commission paid to an agent because the transaction was paid by card. The act specifies that the DCP commissioner must provide a notice and hold an administrative hearing under the UAPA before imposing an additional civil penalty for these violations. It also makes minor and technical changes, including specifying that the “transactions” covered by this law are those that occur in the state to mirror the definitions of “trade” and “commerce” in CUTPA.

### §§ 29-52 — PUBLIC WEIGHMASTER

*Renames a “licensed public weigher” as a “public weighmaster” and replaces “licensed public weigher” with “public weighmaster” in statutes; increases the maximum penalty for violating related laws*

To align with national naming conventions, the act replaces “licensed public weigher” with “public weighmaster” throughout the public weighers and weight and measurement of specific articles laws (Chapters 751 & 752). It also makes various minor, technical, and conforming changes.

It also increases two penalties for public weigher violations. It does so by increasing the maximum fine, from \$100 to \$1,000, for violations of the public weigher laws for which there is no specific penalty. As under existing law, the minimum penalty is \$25. It also increases the maximum civil penalties the DCP commissioner may impose after an administrative hearing, from \$100 for the first offense and \$500 for subsequent offenses to \$1,000 per violation (§ 45). By law, each violation for a unit, certificate, device, or scale is considered a separate offense.

### § 53 — E-CIGARETTE PENALTIES PAID BY MAIL

*Allows certain e-cigarette penalties to be paid by mail to the Centralized Infractions Bureau without appearing in court*

The act allows certain e-cigarette (i.e., electronic nicotine delivery system and vapor product) penalties to be paid by mail to the Centralized Infractions Bureau without appearing in court. These penalties include the (1) \$50 fine for each day anyone knowingly manufactures e-cigarettes for a business without a registration and (2) \$90 fine for each day e-cigarette manufacturers or dealers knowingly manufacture or sell, offer for sale, or possess with the intent to sell an e-cigarette with a registration that has been expired for 90 days or less.

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### §§ 53 & 91 — REPEAL OF VARIOUS PROVISIONS ON MAKING AND SELLING CERTAIN STAPLE FOODS

*Repeals duplicative statutes related to food standards for certain staple foods (e.g., flour, bread, rolls); increases the penalties by imposing the Uniform Food, Drug and Cosmetic Act penalties*

The act repeals statutes on food standards, examinations, and investigations related to certain staple foods (i.e., flour, bread, rolls, corn meal, grits, rice, and macaroni) (CGS §§ 21a-27 to -30). By law, the state Uniform Food, Drug and Cosmetic Act has similar requirements and gives DCP comparable powers (CGS § 21a-91 et seq.).

By subjecting these staple foods to the standards established under the Uniform Food, Drug and Cosmetic Act, the act also increases the penalties for violating the standards. Under prior law, a first offense of a staple food law violation was punishable by up to a \$100 fine, up to three months imprisonment, or both, and subsequent offenses were punishable by up to a \$500 fine, up to one year imprisonment, or both (CGS § 21a-30). Under the Uniform Food, Drug and Cosmetic Act, first violations are generally punishable by up to six months in prison, a fine of up to \$500, or both. A subsequent violation is punishable by up to one year in prison, a fine of up to \$1,000, or both (CGS § 21a-95).

The act also eliminates the ability to pay the fine by mail to the Centralized Infractions Bureau without appearing in court. Under prior law, violators could do so for staple food violations.

### §§ 54, 56 & 59-61 — BUSINESS ENTITIES

*Explicitly subjects specified types of business entities to the Liquor Control Act by defining them as “business entities” under the act; makes conforming changes*

#### *Definitions (§ 54)*

The act explicitly subjects specified types of business entities to the Liquor Control Act’s provisions by defining them as “business entities” under the act. Under the act, a “business entity” is any incorporated or unincorporated association, corporation, firm, joint stock company, limited liability company (LLC), limited liability partnership (LLP), partnership, trust, or other legal entity.

Generally, the new definition explicitly applies the Liquor Control Act to certain types of entities (e.g., LLCs) that were not specifically stated in the act’s definitions under prior law. The act makes conforming changes to other (1) definitions in the Liquor Control Act (e.g., adding business entities to the definition of “proprietor”) and (2) prohibitions and requirements in the act, as described below.

#### *Prohibition of DCP Commissioner and Certain Employees in Alcoholic Liquor Market (§ 56)*

The act prohibits the DCP commissioner and its employees who have certain

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enforcement duties and responsibilities related to the Liquor Control Act from directly or indirectly having an interest in any business entity that deals or manufactures alcoholic liquor. Under prior law, this prohibition explicitly applied only to partnerships that deal or manufacture alcoholic liquor. As under existing law, being a corporation shareholder is allowed.

### *In-State Transporter Permits (§ 59)*

The act specifically prohibits all business entities from transporting alcoholic beverages into the state without an in-state transporter permit, among other tax requirements. Existing law already specifically prohibits corporations, incorporated or unincorporated associations, partnerships, trusts, or other legal entities from doing so.

### *Catering Establishment (§ 60)*

The act specifies that any business entity may own or operate a catering establishment; prior law specifically allowed joint stock companies, LLCs, LLPs, trusts, and other legal entities to do so. By law, a catering establishment may serve alcoholic liquor at a function, occasion, or event on its premises under certain conditions.

### *Temporary Permit for Noncommercial Entity (§ 61)*

By law, the backer or permittee conducting a fundraising event, outing, picnic, social gathering, or auction must keep all profits from an auction or sale of beer, spirits, or wine. Prior law prohibited paying profits from these events to any individual or corporation; the act expands this prohibition to include all business entities.

## § 55 — FRANCHISOR OR LANDLORD PROFITS

*Generally allows a franchisor or landlord to receive profits from alcoholic liquor sales from a franchisee or tenant*

The act generally allows a franchisor or landlord to receive profits from alcoholic liquor (e.g., beer, wine, and spirits) sales from a franchisee or tenant that may sell alcoholic liquor. The franchisor or landlord may do so if he or she does not:

1. control the permit premises' operations,
2. direct sales of alcoholic liquor from the permit premises, or
3. otherwise engage in activities indicating ownership or proprietorship of the franchisee or tenant.

Under the act, DCP may require a franchisor or landlord to get approval as a backer to receive these profits. In determining whether to require this, DCP must consider the percentage of the profits the franchisor or landlord receives and evaluate whether the franchisor or landlord may:

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1. supervise, hire, retain, or discharge those employed on the permit premises;
2. set menu selections or prices, or establish operating hours or days, for the permit premises;
3. decide whether or when a patio may be used on the permit premises;
4. order or accept alcoholic liquor deliveries for the permit premises;
5. arrange advertising for the permit premises, including on the internet or social media ;
6. dictate decorations for the permit premises;
7. access banking accounts related to the permit premises;
8. incur debt on behalf of a permit backer; and
9. enter into agreements with other entities on a backer's behalf.

### § 57 — PACKAGE STORE PERMIT APPLICATIONS AND OPENING DEADLINE

*Allows DCP to refuse to accept an incomplete package store permit application or to set a deadline for when a package store must open to the public for continuous operation*

The act allows DCP to (1) refuse to accept any incomplete package store permit application or (2) set a deadline for when a package store permit applicant must open to the public for continuous operation.

Under the act, if a package store applicant does not meet the DCP-established deadline, the department may deem the application withdrawn and expired to prevent placeholding (i.e., applying for the last available package store permit in a town and failing to open before the deadline). By law, DCP may issue one package store permit for every 2,500 residents as determined by the most recent census (CGS § 30-14a).

### § 58 — WHOLESALER TERMINATION OR ADDITIONAL APPOINTMENT NOTICE

*Allows DCP to prescribe how a manufacturer or out-of-state shipper permittee must notify the department when it wants to terminate or diminish a wholesaler's territory or appoint an additional one*

Under prior law, if a manufacturer or out-of-state shipper permittee wanted to terminate or diminish a wholesaler's territory or appoint an additional one, it had to send written notice by certified or registered mail, return receipt requested, to the wholesaler, and simultaneously send a copy to DCP. The act instead allows DCP to prescribe how the notice is sent.

Under the act, this applies when a manufacturer or out-of-state shipper permittee seeks to:

1. terminate or diminish a wholesaler permittee's territory after six months or more, or
2. appoint one or more additional wholesalers to distribute within the territory (a) alcohol, spirits, or wine or (b) beer.

The act requires that the additional beer wholesaler notice include the name of

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each additional wholesaler and a detailed description of the just and sufficient cause necessitating the appointment.

### § 61 — DONATIONS

*Expands the permittees that may donate to a noncommercial entity permittee and allows all of them to offer tastings*

Existing law allows a manufacturer permittee, a wholesaler permittee, or package store permittee to donate to a temporary liquor permit holder for a noncommercial entity any beer, spirits, or wine they manufacture, distribute, or sell, respectively.

The act (1) expands the permittees that may donate to include those for restaurants, cafes, out-of-state retail shippers, and out-of-state shippers for alcoholic liquor, for wine, and for beer and (2) allows any permittee that may donate to offer tastings for the noncommercial entity permittee.

### § 62 — APPLICATION-RELATED INVESTIGATIONS

*Allows DCP to investigate an applicant's backer and the suitability of a proposed permit premises*

The act allows DCP to investigate (1) whether a permit should be issued to an applicant's backer (i.e., proprietor) or (2) the suitability of the proposed permit premises. Existing law allows DCP to investigate whether a permit should be issued to an applicant.

### §§ 63 & 67-69 — PENALTIES AND DCP AUTHORITY

*Allows DCP to impose additional fines; extends certain existing penalties to applicants and certain backers (e.g., disciplinary actions on the permit, fines, compromise instead of suspension); allows applicants to appeal a denied permit application*

#### *DCP Reasonable Belief of Certain Actions (§ 63)*

Existing law allows DCP to suspend, revoke, or refuse to grant or renew a permit when the department reasonably believes an applicant or permittee has committed certain actions (e.g., used alcohol in excess, willfully made false statements in a material matter, or was convicted of violating liquor laws). The act additionally allows DCP to impose a fine of up to \$1,000 for these actions.

Prior law subjected a backer to the same disqualifications as a permit applicant or permittee for these actions. The act expands the actions to any disqualifications under the Liquor Control Act and its regulations and applies it to an applicant's backer.

#### *Various DCP Disciplinary Actions (§ 67)*

Existing law allows DCP to revoke, suspend, or place conditions on any permit

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or provisional permit, or impose a fine of up to \$1,000 per violation for cause as determined by a hearing. The act extends these disciplinary actions to an applicant, backer, or proposed backer.

Prior law required the department to give 10 days' written notice about the hearing, setting the particulars required in the civil pleadings and the charges for the proposed disciplinary action. The act instead requires that the notice be provided under the UAPA. Among other things, the UAPA requires that the parties be given reasonable notice that includes a short and plain statement of the matters asserted.

Under the act, withdrawing an application does not prevent DCP from suspending or revoking the permit.

### *Compromise Instead of Suspension (§ 68)*

The act allows DCP to accept an offer to compromise, in a certain amount considering the circumstances, instead of suspending the permit from an applicant and his or her backer. Existing law already allows the department to make this offer to a permittee or backer.

### *Appeals for Denied Permits (§ 69)*

Under existing law, applicants for a permit whose application is refused may appeal the decision under the UAPA procedures. The act also allows an applicant whose permit is denied to do so.

## § 64 — HOLDING TWO PERMITS

*Allows (1) certain out-of-state shipper permittees to also hold an out-of-state retailer shipper's permit for wine and (2) a restaurant permittee to hold a Connecticut Craft Cafe permit*

By law, with certain exceptions, permittees of one class (i.e., tier) cannot be a permittee of another class (CGS § 30-48(a)).

The act creates additional exceptions by allowing the following:

1. an out-of-state shipper's permittee for alcoholic liquor other than beer, an out-of-state winery shipper's permittee for wine, or an out-of-state shipper's permittee for beer to also hold of an out-of-state retailer shipper's permit for wine and
2. a restaurant permittee to also hold a Connecticut craft cafe permit if the permit premises are located at two different addresses.

## § 66 — PORTION OF BUILDING USED AS PERMIT PREMISES

*Allows permittees where a portion of the building is not used as a permit premises to separate the portion rather than have it effectively closed*

Prior law allowed an alcoholic liquor permittee to use a building where a portion was not used as the permit premises only if the applicant signed an affidavit affirming that access from the other part of the building to the permit premises was

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effectively closed, unless DCP allowed otherwise. The act instead requires that the respective portions be effectively separate. It also makes corresponding changes to allow DCP to examine the premises to see that the portion is effectively separate (rather than closed) and designate the manner of the separation.

Under prior law, if a new way of accessing the permit premises was opened after the permit was issued and without DCP's consent endorsed on the permit, then the permit was forfeited and was null and void, with or without notice. The act eliminates the permit forfeiture penalty. As under existing law, permittees and backers that open a new unauthorized means of access are subject to the general permit penalty provision that allows DCP to revoke, suspend, or place conditions on a permit or impose a fine of up to \$1,000 per violation after a hearing for which written notice must be given (CGS §§ 30-55 & -113).

### § 70 — CONSUMER BARS AND CONSUMER SERVICE BARS

*Allows, rather than requires, DCP to adopt regulations on consumer bars; allows DCP to adopt regulations to allow more than one consumer service bar (i.e., place where food is primarily ordered)*

Prior law required DCP to adopt regulations to allow more than one consumer bar in any premises where on-premises alcohol consumption was allowed. The act instead makes adopting these regulations optional. By law, a consumer bar is a counter, with or without seats, where a patron may consume or purchase alcoholic liquor.

The act also allows DCP to adopt regulations to allow more than one consumer service bar in any premises where on-premises alcohol consumption is allowed. A consumer service bar is a counter without seats where a patron can buy alcoholic liquor, but its main function is for buying food.

The act allows alcoholic liquor to be served to a patron across the consumer service bar but prohibits a patron from sitting or consuming the alcohol or food at the bar. It allows minors (i.e., those under age 21) to stand at the consumer service bar to order and receive food.

The act prohibits a premises from having both a self-pour endorsement and a consumer service bar endorsement.

### § 71 — NUISANCE AND EMBARGOING OR CONFISCATING CERTAIN ITEMS

*Allows DCP to (1) confiscate alcoholic liquor that has been deemed a nuisance and (2) embargo and confiscate certain items during an investigation or inspection (e.g., unauthorized gambling device, unauthorized pharmaceuticals)*

#### *Nuisance*

The act allows the DCP commissioner or his authorized agent to confiscate alcoholic liquor that has been deemed a nuisance (i.e., alcoholic liquor, along with its container, that the owner or keeper intends to be illegally manufactured or sold).

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### *Embargo*

The act allows the DCP commissioner or his authorized agent, during an inspection or investigation of a permittee, to embargo (i.e., affix a tag or other appropriate markings) certain items that violate or are suspected to violate the Liquor Control Act. They may do so if they have probable cause to believe that the permittee possesses the embargoed item, or it is on the permit premises. The commissioner or agent must give the permittee prior written notice disclosing the violation, or suspected violation, and embargo.

The act allows DCP to embargo the following:

1. unauthorized gambling devices, illegitimate lottery tickets, or illegal gambling or bookmaking equipment;
2. driver's licenses or identification cards or imitations that a person uses, other than the person's own driver's license or identification card, to unlawfully (a) enter, or try to enter, the premises or (b) purchase, or attempt to purchase, alcoholic liquor;
3. pharmaceutical drugs offered or made available for sale by any unauthorized individual;
4. high-THC hemp products or synthetic; and
5. tobacco products sold without a stamp or by any person other than an authorized dealer.

The act prohibits anyone from removing or disposing of any embargoed item, by sale or otherwise, without the commissioner's or his authorized agent's written consent to do so.

### *Confiscation*

In addition to any embargo, the act allows the DCP commissioner or his authorized agent to confiscate any driver's license or identification card or their imitations for the same reasons as for being embargoed. They must give the permittee a written inventory of the confiscated items and a narrative description of the basis for the confiscation.

Within two days after any confiscation, the commissioner or agent must submit a written notice disclosing the confiscation to the law enforcement agency with jurisdiction over the permit premises.

### *Hearing*

Under the act, within 15 days after a permittee receives written notice about the violation, embargo, or confiscation, the permittee may submit a written request to DCP for a hearing to remove the embargo or revoke the confiscation. The commissioner must hold a hearing within 45 days after the department receives the request, and the hearing must be held in accordance with the UAPA.

### *Liability*



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Under the act, if the embargo is removed or confiscation is revoked, neither the commissioner or the state may be held liable for any damages incurred for any injury sustained because of the embargo, as long as a court with proper jurisdiction finds there was probable cause to impose the embargo or make the confiscation.

### § 72 — IMMUNITY FOR MINORS PARTICIPATING IN ENFORCEMENT ACTIONS

*Indemnifies and grants immunity to minors who participate in DCP alcohol-related investigations and enforcement actions*

The act grants immunity from personal liability to minors who participate in alcohol-related investigations or enforcement actions initiated by, or operated in conjunction with, DCP. It does so by deeming them to be state officers under statutes relating to immunity and indemnification for state officers and employees.

Under the act, the minors are not liable for damage or injury caused by actions they take at DCP's direction related to the investigation or enforcement action as long as they are not wanton, reckless, or malicious (CGS § 4-165).

The act also requires the state to save harmless and indemnify these minors from financial loss and expense from a claim, demand, suit, or judgment from alleged negligence or deprivation of a person's civil rights, or other acts or omissions causing damage or injury. This provision applies as long as the minor did not act wantonly, recklessly, or maliciously (CGS § 5-141d).

### § 73 — STATEMENT OF PURCHASER'S AGE

*Updates a required statement by alcohol purchasers whose age is in question and gives permittees an electronic alternative*

The act updates a required statement from alcohol purchasers whose age is in question. It does so by (1) revising the statutory form to include those born in the 2000s and (2) giving permittees an electronic alternative.

Existing law requires permittees to print these statements and give them to DCP for approval. The act also allows the permittee to electronically display these forms on electronic devices that allow the person whose age is in question to electronically complete and sign the statement. Under the act, a statement that is completed and signed electronically must be stored in an electronic medium immediately accessible from the permit premises, alphabetically indexed, and in an electronic format that is accessible to DCP or any of its agents or inspectors at a reasonable time.

By law, paper statements must be kept on file on the permit premises, alphabetically indexed, in a suitable file box and available for inspection at a reasonable time.

### § 74 — LOITERING

*Generally prohibits permittees from allowing intoxicated people to loiter on permit premises*

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Existing law prohibits alcoholic liquor permittees or their employees from allowing certain groups of people (e.g., minors) to loiter on the permit premises or be in the room where alcoholic liquor is kept or served. The act adds intoxicated people to these prohibited groups.

In the case of one-room barrooms or premises without separation between the barroom and dining room, the act allows an intoxicated person to stay on the permit premises while waiting for and consuming food prepared on the permit premises. This exemption applies to minors under existing law.

### §§ 75 & 76 — LOTTERY TESTING AND CERTIFICATION

*Requires the lottery system and games to be tested and certified by an independent third party*

The act requires each lottery gaming system to be tested and certified by a gaming laboratory, in a way and as frequently as DCP deems necessary to preserve gaming integrity. Under the act, a “gaming laboratory” is a business entity that (1) specializes in testing technology systems for U.S. licensed gaming operators, (2) is licensed by DCP as an affiliate, and (3) is not owned or controlled by the Connecticut Lottery Corporation (CLC).

Similarly, the act requires lottery draw games and keno to be tested and certified by a gaming laboratory generally before CLC offers either of them, in a way and as frequently as DCP deems necessary to preserve gaming integrity. However, this testing and certification is not required for lottery draw games that (1) are sold in at least 20 U.S. states and (2) have been tested by a nationally recognized gaming testing laboratory that is licensed in at least 20 states to perform system and game analysis. The act relatedly allows DCP to develop technical standards against which gaming laboratories must test lottery draw games and keno for compliance. It also imposes reporting requirements on gaming laboratories.

If DCP suspects that the integrity of the lottery gaming system may be vulnerable or compromised, the act allows the department to require the system to be recertified by a gaming laboratory and the new certification submitted to DCP. The act similarly allows the department to suspend or revoke approval of a lottery draw game or keno without notice if it has good cause to believe that the continued operation of the game or keno poses a threat to the security and integrity of gaming in the state.

Lastly, the act makes other minor, technical, and conforming changes.

#### *Lottery Gaming System, Keno, and Lottery Draw Game Definitions*

Under the act, a “lottery gaming system” is the complete integrated set of hardware and software elements that communicates, records, reports, captures, and accounts for gaming data, including issuing, canceling, and validating wagers; determining winners; and other functions needed for the lottery’s technological operation.

By law and under the act, “keno” is a lottery game where a subset of numbers is drawn from a larger field of numbers by a central computer system using an approved number generator, wheel system device, or other drawing device.

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A “lottery draw game” is any game where one or more numbers, letters, or symbols are randomly drawn at predetermined times, but not more frequently than once every four minutes, from a range of numbers, letters, or symbols; and prizes are paid to players possessing winning plays as set forth in each game’s official game rules. It does not include (1) keno, (2) any game involving lottery draw tickets that are not available through a lottery sales agent, or (3) any game that simulates online casino gaming.

### *DCP Technical Standards*

If DCP develops technical standards for gaming laboratories to test lottery draw games and keno, then the act requires the department to post them on DCP’s website and review them at least annually to ensure they preserve the integrity of gaming.

DCP may modify or update the standards to respond to a legal interpretation, include additional standards, or amend existing standards as the DCP commissioner deems necessary to protect consumers from financial harm, to adjust to changes in technology, relevant standards, or platform design, or for any other reason to preserve the integrity of gaming. The act requires the department to post updates to the standards on its website and makes them effective 30 days after this posting unless the commissioner establishes a later effective date. The act also requires DCP to notify CLC in writing about any update to the standards before it is implemented.

### *Gaming Laboratory Reporting*

The act requires gaming laboratories testing and certifying a lottery draw game or keno to file a report with DCP that must include (1) the extent to which the lottery draw game or keno meets any technical standards adopted by the DCP commissioner, (2) whether the lottery draw game or keno complies with the requirements of the state’s lottery laws, and (3) any additional information needed by DCP to certify the lottery game or keno.

### *DCP Review of Test Results*

Under the act, DCP must review the lottery draw game or keno that is being tested for proper functioning and consider the gaming laboratory’s test results and certification. After completing this review, the department may approve the lottery draw game or keno for use in the state.

## §§ 75 & 78 — LOTTERY VENDOR REPORTING

### *Requires vendor licensees to report lottery system incidents directly to DCP*

The act requires vendors licensed to provide a lottery gaming system to report to DCP any incidents that occur, or are reasonably suspected to have occurred, that cause a disruption in the system’s operation, security, accuracy, integrity, or

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availability. The vendor must generally give DCP a written incident report immediately upon discovering the incident, but they may do so up to 24 hours after the discovery.

The report must include the incident details and the vendor's proposed corrections. Within five business days after notifying the department, the vendor must give, presumably, a second written incident report that (1) details the incident, including its root cause, and (2) outlines the vendor's plan to make corrections, mitigate the incident's effects, and prevent incidents of a similar nature from happening in the future. If the vendor is unable to determine the root cause and correct the incident within the initial five business days, then it must continue to update the department every five business days with written incident reports until the root cause is determined and the incident is corrected. DCP may require the vendor to submit the lottery gaming system to a gaming laboratory for recertification.

### §§ 75 & 78-82 — LOTTERY SALES AGENTS

*Specifies that lottery sales agents do not sell lottery tickets or offer keno over the Internet; extends existing provisions for other lottery related licensees to them; requires the "person in charge" of the agent to give DCP certain information and submit to a criminal history records check*

The act makes several statutory changes on lottery sales agents that supersede DCP regulations on them. Under existing law, unchanged by the act, DCP must adopt regulations on, among other things, regulating lottery sales agents, including qualifications for licensure and license suspension and revocation (CGS § 12-568a). In practice, the department has adopted these regulations (see Conn. Agencies Regs., § 12-56a-1 et seq.).

The act statutorily prohibits any person or business organization from being a lottery sales agent without a DCP license. It formally defines "lottery sales agent" as a person licensed under the state's lottery and gaming laws that contracts with CLC to sell lottery tickets or offer keno at a retail facility in Connecticut and not over the Internet.

Additionally, the act extends existing statutory provisions for other lottery related licensees so that they apply to lottery sales agents. For example, just as the commissioner may suspend or revoke for good cause a vendor, affiliate, or occupational license after a hearing, or order a summary suspension of either, the act allows him to do so for lottery sales agent licenses.

The act also makes minor, technical, and conforming changes.

#### *Lottery Sales Agent License Applications*

Under existing law, the DCP commissioner may require lottery related vendor, affiliate, and occupational license applicants to provide specific information about themselves. The act extends this authorization to apply to lottery sales agent license applicants and the "person in charge" of them (i.e., the person designated by a lottery sales agent licensee, or the applicant for the license, who is responsible for managing the agent's compliance with the state lottery and game laws).

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Effectively, the DCP commissioner may require a lottery sales agent license applicant and the related person in charge to provide information on their:

1. financial standing and credit;
2. moral character;
3. criminal record, if any;
4. previous employment;
5. corporate, partnership, or association affiliations; and
6. ownership of personal assets, as well as other information the commissioner deems pertinent to issuing the license if doing so will assure the state lottery's integrity.

By law, the DCP commissioner must require vendor, affiliate, and occupational license applicants to submit to state and national criminal history records checks, and may require them to submit to an international criminal history records check before the license is issued. The act applies these provisions to lottery sales agent applicants and to the applicant's person in charge when the applicant is a business organization.

As is the case under existing law for vendor, affiliate, and occupational license applicants, the act (1) requires the DCP commissioner to issue a lottery sales agent license to each applicant who satisfies the above application requirements and who he deems as qualified and (2) authorizes the commissioner to reject lottery sales agent license applications for good cause.

Separate, but relatedly, the act extends an existing alternative criminal history records check process for key employee and live game employee license applicants to lottery sales agent license applicants.

### §§ 77, 79 & 84 — CASINO GAMING AND SPORTS WAGERING ADVERTISING

*Imposes additional advertising restrictions and requirements on certain gaming licensees, including prohibiting some of them from entering into agreements with a third party to conduct advertising or marketing where compensation is based on certain outcomes (e.g., how many people become patrons or amount wagered)*

The act imposes additional restrictions on online and retail sports wagering and online casino gaming advertisements; specifically, the advertising, marketing, and other promotional materials published, aired, displayed, or disseminated by or on behalf of any gaming entity licensee. Under the act, a "gaming entity licensee" is a master wagering licensee, a licensed online gaming operator, a licensed online gaming service provider, or a licensed sports wagering retailer (see *Gaming Definitions* below).

The act also prohibits master wagering licensees, online gaming operator licensees, and sports wagering retailer licensees from entering into agreements with a third party to conduct advertising or marketing for them or to their benefit where the third party's compensation depends on the number of people who become patrons, the volume or amount of wagers placed, or the wager outcomes. However, master wagering licensees and online gaming operator licensees may compensate a third party for advertising services based on the click through of an individual to

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an online gaming operator licensee's website so long as the compensation is not based on an individual creating an account or placing a wager.

Additionally, the act makes technical and conforming changes.

### *Changes to Advertising Restrictions*

Existing law prohibits advertisements of online and retail sports wagering and online casino gaming from (1) depicting someone younger than age 21 unless he or she is a professional or collegiate athlete who, if permitted by law, can profit from the use of his or her name or (2) being aimed exclusively or primarily at people younger than age 21. The act additionally specifies that advertising must not depict someone who is, or appears to be, under age 21. It further prohibits aiming it exclusively or primarily at people younger than age 18 if the advertising exclusively pertains to keno, online lottery ticket sales, or fantasy contests, or any combination of the three.

### *New Advertising Restrictions*

The act requires gaming entity licensees to state that individuals must be at least age 18 or 21, as applicable, to participate in the type of gaming advertised, marketed, or promoted. It also prohibits these licensees' advertising, marketing, and other promotional materials from:

1. directly advertising, targeting, or promoting Internet games or retail sports wagering through methods including email, telephone calls, text messages, direct messaging applications, mail, and social media to specific individuals, rather than a general audience, who have excluded themselves through the state's self-exclusion process;
2. having images, symbols, celebrity or entertainer endorsements, or language designed to appeal specifically to those under age 21 (or under age 18 if pertaining exclusively to keno, online lottery ticket sales, or fantasy contests, or any combination of them);
3. having inaccurate or misleading information that would reasonably be expected to confuse and mislead patrons to induce them to engage in gaming;
4. being published, aired, displayed, or disseminated to a media outlet or on social media that appeal primarily to individuals under age 21 (or under age 18 if pertaining exclusively to keno, online lottery ticket sales, or fantasy contests, or any combination of them);
5. being placed before any audience where the majority of the viewers or participants is presumed to be under age 21 (or under age 18 if pertaining exclusively to keno, online lottery ticket sales, or fantasy contests, or any combination of them);
6. implying greater chances of winning compared to other licensees;
7. implying greater chances of winning based on wagering in greater quantity or amount (except for a lottery draw game that (a) was approved before January 1, 2024; (b) was available for patron wagering when the act was

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- passed; (c) includes DCP-approved features that increase the chances of winning; and (d) is not exclusively sold by lottery sales agents);
8. claiming or representing that gaming will guarantee an individual's social, financial, or personal success; and
  9. using any type, size, location, lighting, illustration, graphic, depiction, or color that obscures any material fact.

The act also requires that direct or targeted advertisements or promotions sent to individuals (e.g., emails or text messages) include a clear and conspicuous Internet link that allows the recipient to unsubscribe by clicking on one link.

### *Gaming Definitions*

By law and under the act, a "master wagering licensee" is generally the Mashantucket Pequot or Mohegan tribes or the CLC.

An "online gaming operator" is a person or business entity that operates an electronic wagering platform and contracts directly with a master wagering licensee to provide (1) one or more Internet games or (2) retail sports wagering.

An "online gaming service provider" is a person or business entity, other than an online gaming operator, that provides goods or services to, or otherwise transacts business related to, Internet games or retail sports wagering with a master wagering licensee or a licensed online gaming operator, online gaming service provider, or sports wagering retailer.

"Online casino gaming" is the following games conducted over the Internet: (1) slots, blackjack, craps, roulette, baccarat, poker and video poker, bingo, live dealer, other peer-to-peer games, and any variations of these games and (2) any games authorized by DCP.

A "sports wagering retailer" is a person or business entity that contracts with CLC to facilitate retail sports wagering operated by CLC through an electronic wagering platform at up to 15 facilities in the state.

"Fantasy contest" is any fantasy or simulated game or contest (excluding lottery games) conducted over the Internet, including through a website or mobile device, in which:

1. players pay an entry fee;
2. the value of all prizes and awards is established and made known to players before the game or contest;
3. all winning outcomes reflect player knowledge and skill and are determined mostly by accumulated statistical results of participants' performance in events; and
4. the winning outcome is not based on the score, point spread, or any performance of any single team or combination of teams or solely on any single performance of a contestant or player in a single event.

Lastly, "Internet games" are (1) online casino gaming; (2) online sports wagering; (3) fantasy contests; (4) keno through the Internet, an online service, or a mobile application; and (5) the sale of lottery draw game tickets through the Internet, an online service, or a mobile application.

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### § 78 — LOTTERY AFFILIATE LICENSES

*Specifies that certain CLC contractors must have an affiliate license*

The act specifically requires certain people and business organizations to have an affiliate license from DCP if they act as a contractor for providing facilities, components, goods, or services that are necessary for and directly related to the secure operation of CLC's activities. Prior law only expressly applied this requirement to those acting that way as subcontractors or who exercised control in or over a vendor licensee. By law and under the act, this requirement does not apply to people or business organizations that are shareholders in a publicly traded corporation.

### §§ 78, 79, 83 & 86 — PROVISIONAL LICENSE AUTHORIZATIONS

*Authorizes the DCP commissioner to give provisional authorizations to lottery occupational, key employee, live game employee, and parimutuel occupational license applicants.*

The act allows DCP to authorize applicants for a lottery occupational, key employee, live game employee, or parimutuel occupational license to provisionally perform the work permitted under a respective license if:

1. petitioned by (a) CLC or a CLC vendor or affiliate for lottery occupational license applicants; (b) a master wagering, online gaming operator, online gaming service provider, or sports wagering retailer licensee for key employee and live game employee license applicants; or (c) a parimutuel association, vendor, totalizator, or affiliate licensee for parimutuel occupational license applicants;
2. the applicant has filed a completed license application in the form and manner DCP requires; and
3. the petitioner attests that the provisional authorization is (a) necessary to continue the efficient operations of specified gaming (i.e., the lottery for lottery occupational license applicants, Internet games or retail sports wagering for key employee and live game employee license applicants, and parimutuel wagering for parimutuel occupational license applicants) and (b) based on circumstances that are extraordinary and not designed to circumvent the otherwise applicable licensing procedures.

Under the act, a provisional authorization must permit the applicant to perform the functions, and require the applicant to comply with the requirements, of the respective license as set forth in the state's gaming laws. It does not constitute approval for a license. While the provisional authorization is in effect, the applicant must be subject to and comply with all applicable statutes and regulations.

Any provisional authorization DCP issues must generally expire immediately upon the earlier of (1) the date DCP issues a written notice that the license has been approved or denied or (2) six months after the date the provisional authorization was issued. However, individuals whose provisional authorizations expire at six months without a license decision may apply for an additional provisional authorization, which DCP may issue if the conditions for granting an initial



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authorization exist.

The act prohibits individuals who receive provisional authorizations but are denied a license from reapplying for a license for one year after the denial.

### § 79 — KEY EMPLOYEES

*Makes changes to who is considered a key employee for gaming licensure purposes*

The act changes the statutory definition “key employee” that is used for gaming licensure purposes. Under prior law, a key employee was, among other things, someone who had an ownership interest in a master wagering licensee or a licensed online gaming service provider, online gaming operator, or sports wagering retailer; specifically, holding 5% or more of the total ownership or interest rights in the licensee individually and in the aggregate with the individual’s spouse, parent, and child. The act eliminates the language about aggregate interest.

### § 85 — WAGERING RESTRICTIONS

*Broadens certain prohibitions on sports wagering to apply to any type of wagering and extends one of them to live game employees*

The act broadens two prohibitions on sports wagering to apply to any type of wagering. By law, master wagering licensees and licensed online gaming operators, sports wagering retailers, and online gaming service providers are prohibited from accepting wagers from a person on the account of, or for, another person. Prior law relatedly prohibited anyone from placing a sports wager on another’s behalf, including wagering on the account of another person. The act deletes “sports” from this second prohibition, effectively broadening its application to any type of wager.

Prior law also prohibited certain people associated with master wagering licensees and licensed online gaming operators, online gaming service providers, and sports wagering retailers from placing any wager on a sporting event with the respective licensee. The act removes the sporting event limitation from this prohibition so that it applies to any wager. By law, this prohibition applies to licensee officers, directors, owners, and key and occupational employees, and their family members who reside in the same household. Under existing law, tribal membership, in and of itself, is not ownership for these purposes. The act extends this prohibition so that it also applies to live game employees.

EFFECTIVE DATE: October 1, 2024

### §§ 86 & 87 — PARIMUTUEL GAMING LICENSES

*Statutorily separates many of the existing parimutuel gaming licenses into two categories and specifies which type of occupational licenses certain individuals must obtain*

Existing statutes and regulations establish several licensing requirements and types of licenses for parimutuel gaming. As shown in the table below, the act statutorily separates many of the existing parimutuel gaming licenses into two

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categories: occupational licenses and business entity licenses. It maintains the existing fee amounts and background check requirements for each type of license.

**Categorization of Parimutuel Gaming Licenses**

<i>Category</i>	<i>Type</i>
Occupational license	<ul style="list-style-type: none"> <li>• Owner</li> <li>• Trainer</li> <li>• Assistant trainer</li> <li>• Jockey</li> <li>• Jockey agent</li> <li>• Stable employees</li> <li>• Veterinarian</li> <li>• Jockey apprentice</li> <li>• Driver</li> <li>• Valet</li> <li>• Blacksmith</li> <li>• Plater</li> <li>• Concession employees</li> <li>• Jai alai players</li> <li>• Officials and supervisors</li> <li>• Parimutuel employees</li> <li>• Other personnel engaged in parimutuel activities</li> <li>• Gaming employee</li> </ul>
Business entity license	<ul style="list-style-type: none"> <li>• Concessionaire</li> <li>• Concessionaire affiliate</li> <li>• Vendor</li> <li>• Totalizator</li> <li>• Vendor and totalizator affiliates</li> <li>• Nongaming vendor</li> <li>• Gaming services</li> <li>• Gaming affiliate</li> </ul>

Additionally, for officers, directors, partners, trustees, and owners of a business organization with a parimutuel license, the act specifies that they must have an owner type of occupational license. Similarly, for shareholders, key executives, agents, and other people connected with an association, concessionaire, vendor, totalizator, or affiliate licensee who in the DCP commissioner’s judgment will exercise control in or over the licensee, the act specifies that they must have a parimutuel employee type of occupational license.

The act also makes technical and conforming changes.

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### § 88 — DCP INVESTIGATORS AND INTERNET GAMES

*Expands the jurisdiction of certain DCP investigators to include investigating and making arrests for any offense arising from Internet games*

The act expands the jurisdiction of certain DCP investigators appointed by the emergency services and public protection commissioner to act as special police officers. It specifically allows them to investigate and make arrests for any offense arising from operating “Internet games” (see *Gaming Definitions* above), which is in addition to their authority under existing law over retail sports wagering and the off-track betting system and lottery games.

### §§ 89 & 90 — PROHIBITIONS ON ANIMALS AS PRIZES AND FOR SOLICITATIONS AND BUSINESS ATTRACTIONS

*Specifies that bazaars and raffles may not use animals as prizes; prohibits reptiles from being a prize or award for operating any game or device; specifies that an animal includes a fish for certain prohibited solicitations, gaming prizes and awards, and business attractions*

The act makes a change to a law restricting prizes at bazaars and raffles. Generally, under existing law, bazaar and raffle prizes must be merchandise, tangible personal property, or specific kinds of tickets, coupons, gift cards, or gift certificates. The act specifies that animals cannot be used as prizes. By law, the penalty for violating this statute is up to 364 days imprisonment, up to a \$1,000 fine, or both (CGS §§ 7-186 & 53a-36a).

Relatedly, the act also makes changes to a separate prize and solicitation law regarding the use of animals. Specifically, it (1) prohibits reptiles from being a prize or award for operating any game or device and (2) specifies that an animal includes a fish for certain prohibited solicitations, gaming prizes and awards, and business attractions. By law, violating this statute is a class D misdemeanor (see [Table on Penalties](#)).

EFFECTIVE DATE: October 1, 2024